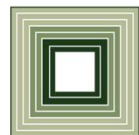


# Medicaid Overview

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**FISCAL RESEARCH DIVISION**  
A Staff Agency of the North Carolina General Assembly

# Overview

- Medicaid
  - What is it
  - Who receives it
  - What is paid for
- Costs
- Cost Containment
  - Past
  - Current
  - Future



# What is Medicaid?

- Health insurance for
  - Low-income residents
  - Long-term care for elderly
  - Services for people with disabilities
- Eligibility is determined by income, assets, age, and disability
  - Mandatory Eligibility
  - Optional Eligibility
- Entitlement —People eligible must be served.

# What is Medicaid?

- Within broad federal guidelines, each state:
  1. Establishes its own eligibility standards
  2. Determines the covered services
  3. Sets the payment rate for services
  4. Administers its own program

# Who Receives Medicaid?

Mandatory	Optional
Aged, Blind, Disabled on SSI	ABD not on SSI, to 100% FPL
Low-income individuals on Medicare	
Low income Pregnant Women & Infants up to 133% FPL	Low income Pregnant Women & Infants up to 185% FPL
Low-income children to age 18	
Foster & Adoptive Children up to age 18	Up to age 20
	Women in BCCCP to 185% FPL
	Family Planning for Adults to 185% FPL
	Medically Needy
100% Federal Poverty Level (FPL) \$10,890; for Family 4—\$22,350	

# Who Receives Medicaid?

## INCOME LIMITS

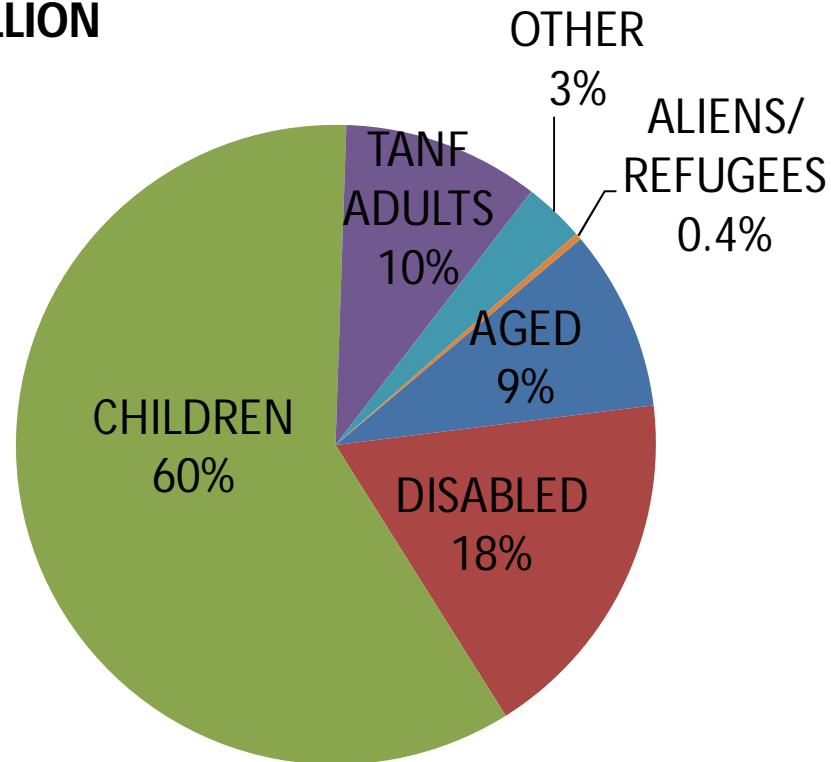
<b>Seniors, 65+</b>	<b>100% Poverty</b> 1 - \$ 10,890/year 4 - \$ 22,350/year	<b>Low-Income Parents</b>	<b>45% of Poverty</b> 2 - \$ 6,620/year 4 - \$ 10,058/year
<b>Blind/Disabled</b>	<b>100% of Poverty</b> 1 - \$ 10,890/year	<b>Children &lt; 6</b>	<b>200% of Poverty</b> 2 - \$ 29,420/year 4 - \$ 44,700/year
<b>Pregnant women</b>	<b>185% of Poverty</b> 1 - \$ 20,147/year 2 - \$ 27,214/year	<b>Children 6 – 18</b>	<b>100% of Poverty</b> 2 - \$ 14,710/year 4 - \$ 22,350/year

Source: DHHS, FFY 2011



# Who Receives Medicaid?

**FY 2011 NC MEDICAID CASELOAD:  
1.5 MILLION**



Source: DHHS, DMA Program Expenditure Report, January 2011

# Who Receives Medicaid

History Medicaid Enrollment—SFY 2000—2010		
Fiscal Year	Enrollment	Percent Increase
2000	904,460	
2001	991,451	9.62%
2002	1,052,041	6.11%
2003	1,099,254	4.49%
2004	1,125,624	2.40%
2005	1,156,137	2.71%
2005	1,217,558	5.31%
2006	1,247,126	2.43%
2008	1,322,115	6.01%
2009	1,423,962	7.70%
2010	1,471,054	3.31%

# What is Paid by Medicaid?

## MANDATORY SERVICES

- Ambulance
- Durable Medical Equipment
- Family Planning
- Federally Qualified Health Centers (FQHCs)
- Health Check (EPSDT)
- Hearing Aids (children)
- Home Health
- Hospital Inpatient/Outpatient
- Nurse Midwife/Nurse Practitioner
- Nursing Facility
- Labs and X-rays
- Physician
- Psychiatric Residential Treatment and Residential Services
- Routine eye exams and visual aids (children)



# What Medicaid Costs?

Cost of Medicaid Program as Percent of DHHS and General Fund--SFY 1999-2011					
SFY	Total Net GF Availability	DHHS	DMA	DMA as % of DHHS	DMA as % of Total GF
FY 1999	\$ 11,547,640,238	\$ 2,660,543,899	\$ 1,403,156,335	53%	12%
FY 2000	\$ 12,596,865,350	\$ 2,871,957,449	\$ 1,502,870,953	52%	12%
FY 2001	\$ 13,558,096,467	\$ 3,014,095,636	\$ 1,539,549,270	51%	11%
FY 2002	\$ 14,530,345,843	\$ 3,397,939,955	\$ 1,981,484,290	58%	14%
FY 2003	\$ 14,351,926,761	\$ 3,596,428,649	\$ 2,189,813,795	61%	15%
FY 2004	\$ 14,938,506,380	\$ 3,379,819,647	\$ 1,987,409,086	59%	13%
FY 2005	\$ 15,918,359,528	\$ 3,788,537,572	\$ 2,360,440,050	62%	15%
FY 2006	\$ 17,288,673,833	\$ 4,025,185,595	\$ 2,509,772,054	62%	15%
FY 2007	\$ 18,865,960,284	\$ 4,233,479,600	\$ 2,649,478,405	63%	14%
FY 2008	\$ 20,659,587,712	\$ 4,616,326,724	\$ 2,915,133,475	63%	14%
FY 2009	\$ 21,355,967,434	\$ 4,914,916,942	\$ 3,179,171,463	65%	15%
FY 2010	\$ 19,008,079,980	\$ 3,903,349,605	\$ 2,318,653,169	59%	12%
FY 2011	\$ 18,958,293,337	\$ 3,949,918,671	\$ 2,368,365,829	60%	12%

# What is Paid by Medicaid?

## OPTIONAL SERVICES

- Case management
- Chiropractor
- Community Alternatives Programs (CAP)
- Dental and dentures
- Eye care
- Home infusion therapy
- Hospice
- Intermediate care facilities for the mentally retarded (ICF-MRs)
- Mental health services
- Orthotics and prosthetics
- Personal care services
- Physical, occupational, and speech therapies
- Podiatrist
- Prescription drugs
- Preventive care
- Private duty nursing
- Rehabilitative services
- Transportation



# What is Paid by Medicaid?

See Attachment 1

Mandatory & Optional Services

# What is Paid by Medicaid?

Top 10 Medicaid Expenditures--2010	
LTC-SNF State and Non-State Operated	\$1,146,354,124
Physician	\$1,089,686,760
Hospital Inpatient—General	\$1,072,494,510
Prescribed Drugs	\$1,045,385,821
Practitioner – Non Physician	\$ 915,421,592
CAP—Mentally Retarded	\$ 488,520,746
Hospital Outpatient—General	\$ 468,405,405
Dental	\$ 355,716,586
Personal Care	\$ 342,538,687
Hospital Outpatient—Emergency Room	\$ 293,066,310

# Cost Containment

- Changes for Medicaid Recipients
- Changes for Medicaid Providers
- Changes for Medicaid Services
- Changes for Utilization of Services

# Cost Containment

- SFY 2009-10
  - Provider Rate Reductions \$76.4 million
  - Modify Personal Care Services \$40.0 million
  - Reduce Prescription Drugs \$25.0 million
  - Reduce Community Supports \$65.0 million
  - Consolidate Case Management \$41.0 million
  - Enhanced CCNC Efforts \$69.9 million
  - Revise Reimbursement Drugs \$10.5 million

# Cost Containment

- SFY 2010-11
  - Increase CCNC Savings \$45.0 million
  - Mental Health Drugs \$10.0 million
  - Revise Mental Health Rates \$41.0 million
  - Reform In-home PCS \$50.7 million
  - Implement Program Integrity \$40.0 million

# Cost Containment Options

SFY 2011-12

- Assessments
- Provider Rates
- Pharmacy
- Fraud & Abuse
- Services
- Utilization Management

# Cost Containment Options

## Assessments

### States Enacting Provider Assessments in 2010

Provider being Assessed	No. States with Assessment	States Enacting in 2010
Hospitals	34	CA, GA, IA, TN, UT
ICF/MR Facilities	34	VA
Nursing Facilities	38	KS
Managed Care Facilities	11	--
Other	15	MI

# Cost Containment Options

## Assessments

- Initial Assessment
- Increase Medicaid Payment
- Net Impact of Provider and State
  - Assessed Provider
  - Non-assessed Provider
  - State Spending

# Cost Containment Options

## Assessments

Inpatient hospital services	Services of Medicaid MCOs	Outpatient prescription drugs
Outpatient hospital services	Ambulatory surgical centers	Psychological services
<b>Nursing facilities</b>	Dental services	Therapist services
<b>Services of ICF-MR</b>	Podiatric services	Nursing services
Physician services	Chiropractic services	Laboratory and x-ray services
Home health care services	Optometric/optician services	Emergency ambulance services
Other health services or items on which a State has enacted a licensing or Certificate of Need fee		

# Cost Containment Options

## Provider Reimbursement Rates

- Governor's Budget Adjusts Three Rates
  - Private Duty Nursing
  - Adult Care Facilities
  - Hospital Outpatient Imaging
- Rate decrease of 1% saves \$21 million
- NCGA requested Study of Provider Rates

# Cost Containment Options

## Pharmacy

- Management Flexibility
  - Elimination of automatic refills
  - Modification of dispensing fees
  - Pharmacy best practices
  - Brand-name drugs from WAC+7% to +3.2%

# Cost Containment Options

## PREScription DRUG PRICING

	<u>Per Script</u>	<u>Supplemental Rebate Program?</u>
<b>North Carolina</b>	<b>WAC + 7%</b>	<b>Yes</b>
Alabama	WAC + 9.2%	Yes
Virginia	AWP – 10.25%	Yes
South Carolina	AWP – 10.0%	Yes
Georgia	AWP – 11%	Yes
Mississippi	WAC + 9%	Yes
Louisiana	AWP – 13.5 -15%	Yes
Kentucky	AWP – 14 -15%	Yes
Tennessee	AWP – 13 -16%	Yes
Florida	AWP – 16.4% or WAC +4.75%	Yes
West Virginia	AWP – 15 - 30%	Yes

Source: Centers for Medicare and Medicaid Services. WAC = Wholesale Acquisition Price AWP = Average Wholesale Price

# Cost Containment Options

## Fraud & Abuse

- IBM Program Integrity April 2010
- CCNC Program Integrity July 2010
- SAS Recipient Monitoring January 2011

# Cost Containment Options

## Medicaid Services

- Management Flexibility
  - Review Comparable Benefits and Services
  - If savings not achieved; eliminate services

# Cost Containment Options

## Optional Medicaid Services

• Chiropractic	\$ .27 million
• Podiatry	\$ .93 million
• Optical Services and Supplies	\$ 4.4 million
• Transplants	\$ 6.1 million
• Private Duty Nursing	\$15.9 million
• Adult Dental and Dentures	\$64.0 million
• Respiratory Therapy	\$ 9.2 million
• Home Health	\$30.6 million
• Personal Care Services	\$39.1 million
• Orthotics and Prosthetics	\$ 2.3 million
• Hospice	\$17.8 million

# Cost Containment Options

## Utilization Management

- Health Homes for Chronically Ill
  - Two-year effort
  - 90/10 Match
  - Co-morbidity, severe quadrant of care
- Pregnancy Home Model
  - Collaboration of LHDs and CCNC Networks
  - Care management of High Risk Pregnancy

# Cost Containment Options

## Utilization Management

- Expansion of Sec. 1915 b/c waivers
- *Section 1915 (i) waivers*
- Contracting out Utilization Management
  - Imaging
  - Personal Care Services
  - *Cardiology Imaging*
  - *Musculoskeletal Care*

# Cost Containment Options

## Utilization Management

- Medicaid Managed Care
  - Community Care of North Carolina
  - Women and Children—*Georgia Families*
  - Long-term Care—Amerigroup

Tuesday, March 15, 2011

# Cost Containment Options

## Opportunities for States in ACA

- Patient Centered Medical Homes
- Bundled Payments in place of Fee for Service
- Payment and reimbursement strategies that involving Medicare, Medicaid, and Private Pay
- Establish Pay for Performance
- Accountable Care Organizations

# Cost Containment Options

## Controlling Healthcare Spending RAND Corporation

- Bundled Payments 5.9%
- All-payer rate setting 3.9%
- Eliminate payment adverse events 1.8%
- Increase adoption of HIT 1.8%
- Expand scope of practice NPs & PAs 1.3%
- Create Medical Homes 0.9%

# Questions

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